
The Partnership For Metropolitan Chicago's Airport Future:

A Call for Regional Leadership

**By
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Congressman Henry Hyde



Congressman Jesse Jackson, Jr.

An Open Letter to State and Regional Leaders in Metropolitan Chicago and Throughout Illinois

We are two Chicago area Congressmen from different districts, different political parties, and with different political philosophies. Yet we share a common affection for the Metropolitan Chicago Region and the economic welfare, public health, and quality of life of the residents of our region.

For these reasons, we have formed a partnership to take action on the most significant economic and environmental issue facing our region: Metropolitan Chicago's Airport Future.

Chicago has long prided itself on being the transportation center of the Nation — from the days of canoes, steamers, and wagon trains to the rise of the railroads and the growth of commercial aviation. But for more than a decade, Chicago — and the economic and political leaders of our State and Region — have been frozen in a seemingly irreconcilable dispute over Metropolitan Chicago's Airport Future.

And while we remain frozen in gridlock, our region is hemorrhaging hundreds of thousands of jobs and billions of dollars in economic benefits that are beginning to go and will continue to go to other states and other regions because of our failure to take definitive action.

Let there be no mistake. We agree with Chicago Mayor Richard M. Daley when he says that O'Hare Airport is one of the major engines that drives our economy. And we both support a continuing vital role for both O'Hare and Midway.

But the stark facts tell us and the region that by relying solely on O'Hare and a supporting role by Midway we are courting economic disaster for the metropolitan region and the State and serious environmental harm to O'Hare area communities. O'Hare is indeed a major economic engine. But we must create additional economic engines — not to detract from O'Hare — but to meet the needs of the region.

We wish to resolve our concerns over new airport development and protection of O'Hare communities in a non-adversarial manner. But while we continue to wish to reach agreement amicably, we and those who share our view of the Region's needs must recognize that we are in a knock down drag out fight for the future of the region. The opponents of new airport development (primarily the airlines) have waged an expensive, vitriolic — and thus far successful — campaign of disinformation and regional divisiveness. They have often taken off the gloves and — when it comes to taking liberties with the truth — often hit below the belt.

It's time for us — and for those who believe in the economic future of Metropolitan Chicago as the nation's premier air transportation center — to fight back. For that reason, we have revisited the issues surrounding air transportation in our region to give regional leaders our perspective and recommendations on the need for action.

Further, we are offering a variety of action proposals which we believe will address the major points of opposition to rapid fast track construction of a third airport and protection of the already overburdened O'Hare communities. While we offer many suggestions, we are open to dialogue and compromise on all items — save two:

- 1) there must be fast track construction of the new airport, and
- 2) there must be a ban on further O'Hare expansion — including a permanent ban on new runways at O'Hare.

We ask for the help, cooperation, and leadership of all our colleagues in the Illinois Congressional Delegation and our Republican and Democratic colleagues in the Illinois General Assembly. Further, we ask for the help and leadership of Governor Edgar and all the candidates for statewide office in the 1998 election.

We look forward to working with you in our Partnership for Metropolitan Chicago's Airport Future.



Henry J. Hyde



Jesse Jackson, Jr.

I. EXECUTIVE SUMMARY

Eight years ago, Congressman Henry Hyde urged the political leaders of our State and Region to take prompt action to build a new regional airport for Metropolitan Chicago. He warned that political gridlock in building new airport capacity threatened Chicago's premier status as the Nation's center of air transportation — with consequent loss of thousands of jobs and billions of dollars in economic benefits to our State and our Region. And he emphasized that the answer to our region's needs lay not in adding new runways to jam more aircraft operations into an already overstuffed O'Hare but by fast track construction of a new regional airport — an airport that would serve as a vital partner in a regional airport system with O'Hare and Midway.

Eight years later, Congressman Hyde and his colleague, Congressman Jesse Jackson Jr., have revisited the issues surrounding our regional air transportation needs and find that, as the saying goes "the more things change, the more they stay the same."

- Eight years ago, Hyde warned of the loss of thousands of jobs and billions of dollars in annual economic benefits if the State and the Region did not rapidly build major new air transportation capacity. Eight years later, Congressmen Hyde and Jackson find that three separate studies confirm that the Region and the State will indeed lose hundreds of thousands of new jobs and billions of dollars in new annual economic benefits if major new airport capacity is not built.
- Eight years ago, Hyde warned that the issue of whether and where to build a major new regional airport — and the related controversy of new runways at O'Hare — would be the central issues in the 1990 statewide election campaign. Eight years later, Hyde and Jackson emphasize that in the 1998 election, Republican and Democratic candidates alike can no longer duck the issue. As Hyde's and Jackson's analysis demonstrates, candidates that endorse construction of new runways at O'Hare: 1) inevitably doom the new regional airport; 2) inflict the pain, noise and air pollution of hundreds of thousands of new flights upon already overburdened O'Hare communities, and 3) guarantee the export of hundreds of thousands of new jobs and billions of dollars in economic benefits to other States and regions. Candidates that duck and dodge the issue with noncommittal generalities cause equal harm to our regional economy by encouraging the very atrophy of inaction and gridlock that are causing the hemorrhaging of airport related jobs to other states and regions.

- Eight years ago, Congressman Hyde identified many of the parochial political and economic interests that had created the political gridlock preventing construction of a new airport. Eight years later, Congressmen Hyde and Jackson find that political gridlock even more entrenched.

The Partnership for Metropolitan Chicago's Airport Future

But unlike eight years ago, Congressmen Hyde and Jackson are no longer content to wait for others to take action. In what at first seems like an unlikely alliance, two of our Region's most well known Congressmen — Henry Hyde and Jesse Jackson, Jr. — have formed “The Partnership for Metropolitan Chicago's Airport Future”. Hyde, a Republican, and Jackson, a Democrat, find common ground in their shared belief that our State and our Region must take action now to undertake fast-track construction of the new regional airport and to protect the long-suffering communities around O'Hare. And Hyde and Jackson share further common agreement that a number of aggressive and concrete steps must be taken now to achieve these objectives — including a permanent ban on new runways at O'Hare.

Taking note of recent developments in Illinois politics, Hyde and Jackson have issued a “Call for New Leadership” calling out to governmental, business, labor, and citizen leaders from across the Metropolitan Region to cast aside their political differences and join in a bipartisan program to meet these objectives.

The central components of the “**The Partnership for Metropolitan Chicago's Airport Future: A Call for New Leadership**” are:

- **Fast-Track Construction of a New Regional Airport — The Airport Should Be Open and Operating by 2005**
- **A Ban on Further O'Hare Expansion — Including a Permanent Ban on New Runways at O'Hare**

Hyde and Jackson emphasized that the two issues are inseparable. One can't be for new runways at O'Hare and be realistically considered a supporter of the new airport. Conversely, one cannot be a supporter of a new airport while endorsing construction of new runways at O'Hare.

To achieve these objectives Congressman Hyde and Jackson put forward the following program elements:

Firm Commitments from the 1998 Candidates

Congressman Hyde and Jackson — along with the members of the Partnership — will ask each Gubernatorial and Senate candidate of each party in the 1998 election to pledge that they are for fast-track construction of new regional airport and support a ban on new runways at O'Hare.

Setting the Agenda for the Regional Summit

Taking Chicago Mayor Richard M. Daley up on his offer of a regional economic summit, Congressmen Hyde and Jackson — at the urging of the members of the Partnership — agreed to co-sponsor the summit with Mayor Daley, Governor Edgar, and the announced candidates for Governor and Senate. At the summit, the number one agenda item will be fast track construction of the new regional airport and a permanent ban on runways at O'Hare.

Guaranteed Protection for Midway

Congressmen Hyde and Jackson — and the Partnership — will urge guaranteed protection of Midway and its continuing economic vitality as part of any legislative package on airport issues.

Guaranteed Protection of Downstate Road Funds

Congressmen Hyde and Jackson — and the Partnership — will urge guarantees to downstate communities that downstate road funds would not be used for third airport development and infrastructure.

A Fair Mechanism for Shared Political Control of Regional Airport Development

Congressmen Hyde and Jackson — and the Partnership — will urge a fair mechanism whereby Chicago and its regional suburban neighbors would share in the economic benefits and political control of the regional airport system. Included within that mechanism would be provisions to encourage minority participation in construction and operations activities throughout the metropolitan airport system.

Assurance of Adequate Federal Funding for New Airport Development

Noting that both Midway and O'Hare were built largely with massive federal subsidies, and that the current federal subsidy structure was premised on the assumption that the funds would be used for a new

airport in Illinois, Congressmen Hyde and Jackson — and the Partnership — will urge a reorientation of federal airport construction funding programs to insure adequate airport development.

Protection of United and American Funds at O'Hare

Congressmen Hyde and Jackson — and the Partnership — will urge guarantees that new airport development will not use United and American airline funds to build the new airport.

High Speed Rail (Passenger and Cargo) Network between Downtown Chicago and Three Major Airports

Congressmen Hyde and Jackson — and the Partnership — will urge a coordinated high speed rail between downtown Chicago and between all three regional airports. The high speed rail system would also be designed to accommodate cargo transfer thus giving air cargo related businesses enormous flexibility in using all three regional airports.

Protection of O'Hare Area Business Infrastructure

Noting that the campaign of fear-mongering waged against the new airport had caused unwarranted concern among O'Hare area businesses, Congressmen Hyde and Jackson — and the Partnership — will urge protection to northwest suburban business communities to refurbish infrastructure to reduce the fear of cost differential with the new airport.

Air Toxics Relief for O'Hare Communities

Congressmen Hyde and Jackson — and the Partnership — will urge a joint federal/state air toxics control program designed to measure toxic air pollution from O'Hare and to reduce levels of air toxics in surrounding communities to health protective levels.

A Halt To Piecemeal Jamming of More Flights into O'Hare

Noting the noise, air pollution and safety concerns raised by the practice of Chicago and the FAA jamming more and more flights into O'Hare on a piecemeal basis, Congressmen Hyde and Jackson — and the Partnership — will urge a halt to FAA approvals of air traffic and related procedures for jamming new aircraft into O'Hare.

II. THE MORE THINGS CHANGE, THE MORE THEY STAY THE SAME

Eight years ago Congressman Henry Hyde published a monograph entitled “Chicago’s Airport Future”. In it he urged Illinois’ Democratic and Republican political leadership to set aside parochial differences and engage in “fast track” construction of a new regional airport to serve with O’Hare and Midway as part of a regional airport system — all designed to make the Metropolitan Chicago Region the Nation’s pre-eminent air transportation center. His words then on a variety of related airport issues facing our region are even more relevant now than they were in 1989:

Hyde’s 1989 Concerns about the Economic Welfare of the Region and the Need for a New Airport

It is painfully obvious that we must build new airport facilities soon enough to recapture, maintain, and even expand market share, and big enough to grow to meet rising demand.

Continuing to place our primary reliance for capturing and maintaining transfer market share on an already overstressed O’Hare is idiotic. To aggressively attract the volume of transfer traffic which we want to expand and maintain our market share, the metropolitan Chicago area should now be building a 21st century “SuperPort” which has the flexibility to meet even the most optimistic forecasts.

The economic significance of taking prompt aggressive action now cannot be overemphasized. If the FAA forecasts for national traffic growth and Chicago’s estimates of the economic benefits (i.e., jobs and expenditures) resulting from handling transfer traffic are even modestly accurate, the metropolitan Chicago area is losing billions of dollars every year it delays constructing a new airport. ... Construction alone would create thousands of jobs for workers in the Chicago metropolitan area.

Hyde’s 1989 Observations on the Region’s Political Gridlock

In words sadly even more relevant today than they were eight years ago, Congressman Hyde described our regional political gridlock:

Instead of discussing and resolving our respective concerns openly, we are engaging in destructive infighting amongst ourselves — ignoring both our opportunity and our responsibility. While we fight, the problems only get worse.

As a Congressman whose district encompasses a major portion of the airport as well large residential areas around O'Hare, I have a political and personal commitment both to the economic welfare of the region as well as the quality of life of my noise battered constituents. I believe it imperative that we stop the infighting and immediately begin working together to address the issues of airport development for metropolitan Chicago.

We must take the kind of aggressive action needed now both to achieve our economic objectives and to ameliorate the damage we are currently inflicting on tens of thousands of homeowners and their families.

If we don't act now to build airport facilities of sufficient size to meet our economic objectives for air traffic market share in the 21st century, we will likely be judged to have provided too little, too late to prevent permanent atrophy of Chicago's market position in national air transportation. But we cannot build such facilities if their operation will continue or exacerbate the pain and injury currently being inflicted on hundreds of thousands of our citizens because of our earlier failure to properly plan and implement airport facilities.

Hyde's 1989 Warning that Stuffing More Flights into O'Hare Is Not the Solution

Hyde stressed that trying to jam more aircraft into O'Hare would only exacerbate the already intolerable environmental (noise and toxic air pollution) and safety concerns created by the existing levels of traffic:

...[J]amming more aircraft operations into O'Hare ... reduces the already thin safety margins that exist at O'Hare. Congestion, delay and safety are critically interdependent. Increasing margins of safety invariably increases delay. Conversely, reducing delays at O'Hare often reduces existing margins of safety.

To put more aircraft operations into O'Hare without increasing the already intolerable delays necessarily means taking shortcuts. It means taking such steps as reducing the separation distance between aircraft, increased use of converging runways during bad weather or other measures currently under consideration by the FAA to wring more flight operations out of congested facilities. (See, e.g., Airport Capacity Enhancement Plan 1988 (DOT/FAA/CP/88-4).)

The problem with such measures is that they put added stress on an already over-stressed facility. To maximize safety, O'Hare needs fewer flights, not more.

That O'Hare noise is a major problem is self-evident. Thousands of families living in the vicinity of O'Hare cannot get a decent night's sleep; their children cannot study; and basic family activities such as conversation, watching television or listening to music are severely disrupted.

Based on housing standards published by the Department of Housing and Urban Development, tens of thousands of our residents live in a residential environment which is "unacceptable." From a property value standpoint, FAA acknowledges, and most real estate appraisers know, that the intense noise around O'Hare causes a severe loss in residential property value. And no one has taken the time to measure the human cost in lost education and diminished quality of life suffered by our residents.

Hyde's 1989 Concern about Chicago's Agenda for New Runways at O'Hare

In his 1989 monograph Congressman Hyde took direct exception to Chicago's plans to build new runways to stuff more traffic into O'Hare and oppose construction of the new regional airport.

Hiding in the weeds as a major threat to aggressive action on a metro Chicago "SuperPort" is Chicago's desire to add more runways at O'Hare.

Rather than build an environmentally sound new airport, Chicago wants to add new runways at O'Hare. Though Chicago will deny that it has such plans, Chicago's own Master Plan stated unequivocally that the Chicago area will lose the transfer traffic market unless either: a) a new airport is constructed, or b) new runways are built at O'Hare. The Master Plan even contains the drawings for the new runway locations.

Adding runways at O'Hare would compound what is already an environmental disaster. Even Chicago in its Master Plan acknowledged that adding runways would allow a level of air traffic that would be environmentally unacceptable. Despite this environmental unacceptability, Chicago is aggressively fighting a new airport and is actively pushing the option of new runways at O'Hare.

As long as the issue of new runways remains an option for Chicago, the economic development of a new metro SuperPort is imperiled. Chicago will argue that putting more traffic into

O'Hare obviates the need for a new airport. The specter of new runways will haunt the timing and the size of the new metro "SuperPort."

It's time for Illinois' political leadership to put a stake in the heart of the new runway nightmare at O'Hare.

...[T]he State of Illinois clearly has the legal authority to prevent such destructive construction. The only question is whether it has the political will.

Hyde's 1989 Paper Predicted that the Intertwined Issues of New O'Hare Runways and a New Airport for the Region Would Be a Major Issue in the 1990 Statewide Elections — An Omen for the Elections of 1998

It is a safe political bet that any statewide candidate in the 1990 elections — be it for Governor, Attorney General, or United States Senator — is going to have to take a clear stand on the mutually inconsistent issues of additional runways at O'Hare vs. development of a new SuperPort.

To oppose a ban on new O'Hare runways is in reality a vote against the new airport and its economic benefits and a vote against relief for the long suffering residents around O'Hare.

Our elected officials have dodged the issue for too long.

Hyde's 1989 Concern over the Politics of Obstruction and Division Blocking the Region's Air Transportation Needs and the New Regional Airport

Hyde also identified the principal obstructions to the critical development of the third airport — the City of Chicago and the airlines dominating O'Hare (United and American):

The State of Illinois and the State of Indiana have begun a planning process which may get us a modest supplemental airport in 20 years. Chicago and the major airlines at O'Hare have opposed even this modest effort. The FAA, though paying lip service to the need for a new airport, has hardly been shaking the rafters in moving forward on a time critical basis.

If there is such a crisis, why are we moving at such a snail's pace? The answer is simple. Several of the key political players in this process are more concerned about their individual political and economic turf than the economic welfare of the region. The major airlines and the City of

Chicago have demonstrated a bizarre schizophrenia — completely inconsistent with their announced desire to accommodate air traffic growth in the region.

United and American dominate O'Hare and don't want a new airport which would allow significant competition to enter the Chicago market. Rather than share in a bigger piece of a bigger pie, these airlines wish to keep the biggest pieces of a smaller pie — all to the detriment of the economic welfare of their regions.

This same seeming economic schizophrenia has infected our local leadership in Chicago. While the political and economic leadership of two of the nation's busiest hubs have called for major new airports in Denver and Atlanta, Chicago's political leadership has fought development of a new airport for metropolitan Chicago. The very Chicago leadership that five years ago ballyhooed the need to accommodate future passenger traffic for the jobs and economic growth it represents now calls for sending much of this traffic to other hubs in other states rather than build a new airport for metropolitan Chicago.

Why would Chicago fight a new airport and call for sending transfer traffic to other cities? Again, simple turf protection. Chicago plainly wants to protect O'Hare and its political dominance of that facility even if Chicago's opposition to a new airport is damaging to the region's economy.

Fast Forward to 1997 — Eight Years Later Much Remains the Same

Eight years after Congressman Hyde published his monograph, many things have changed but much remains the same:

- **Chicago's 180 Degree Spins.** In the eight years since the Hyde Paper, the City of Chicago has engaged in a series of 180 degree spins:
 - 1) In 1990, Chicago reversed its opposition to a new airport and:
 - Acknowledged that a new airport was essential to the Region's economic welfare; acknowledged a new airport would bring hundreds of thousands of new jobs and billions annually in new economic benefits into the region;

- Acknowledged that even a vastly expanded O'Hare could not handle the Region's traffic growth needs; and
- Acknowledged that letting traffic growth be sent to other regions would cost the region billions in benefits and hundreds of thousands of lost jobs.

All these acknowledgments by Chicago lead to Chicago's proposal for a new airport at Lake Calumet. Chicago even drafted a Regional Transportation Authority Bill that would have placed all the Region's commercial airports under a Regional Authority — controlled by appointees of the Governor and the Mayor of Chicago — which would have the power and financial wherewithal to build the new regional airport.

2) After the defeat of Chicago's Lake Calumet proposal, Chicago again has reversed its position 180 degrees and now argues against a new regional airport and argues (in tandem with the airlines dominating O'Hare) that the excess demand that cannot be handled at O'Hare — which represents hundreds of thousands of new jobs and billions in new regional economic benefits — should be sent to Dallas-Ft. Worth and Denver, costing our region and our workers huge losses in employment opportunity.

3) After the defeat of Chicago's Lake Calumet Proposal, Chicago again has reversed its position 180 degrees and has opposed passage of the very bill it helped draft in 1992 — a Regional Airport Authority Bill. Indeed Chicago now opposes draft legislation which is word for word the same bill that Chicago drafted in 1992. The only change in Chicago's earlier Lake Calumet bill extending several thousand words: the name of the new regional airport has been changed from "Lake Calumet Airport" to "South Suburban Airport."

- **Snail's Pace of Progress by the State of Illinois.** Eight years later, despite years of paper shuffling, the State of Illinois has not moved aggressively enough on building a new airport. In 1989, Illinois had paper studies covering several feet of shelf space. In 1997 Illinois has several more shelf feet of paper studies and yet has still failed to turn a single spade of dirt for a new airport.
- **A Massive Airline Campaign of Disinformation and Divisiveness.** Eight years later, huge amounts of airline money have been used to mount a propaganda campaigning against a new airport and in favor of new runways at O'Hare. This campaign has been marked by blatant appeals to regional divisiveness — hoping to pit the economic hopes and fears of one area of our region against the other.

United Airlines and American Airlines have convinced many local business interests that:

- 1) sending out of our Region billions of dollars of annual economic benefits and hundreds of thousands of jobs to Dallas-Ft. Worth and Denver is good for our Region's economy; and
- 2) maintaining high monopoly-based business fares at O'Hare is good for Chicago business travelers.

- **Fortress O'Hare Monopoly and Lack of Competition Still Imposed Huge Fare Penalty on Region's Business Travelers.**

Eight years later, O'Hare time-sensitive business travelers still pay an enormous premium because of the lack of competition to service next-day business travelers. By using their near monopoly position at "Fortress O'Hare," United and American extract a huge monopoly fare penalty from Chicago area business travelers — making Chicago less competitive and more costly as a place to do business.

- **Increasing Noise and Toxic Air Pollution Inflicted on O'Hare Communities.** Eight years later, O'Hare area communities suffer even more frequency of noise and toxic air pollution, as Chicago — along with United and American — has jammed more and more aircraft into an already burdened O'Hare.

- **Increasing Safety Risk and Decreasing Margins of Safety at O'Hare.** Eight years later, Chicago, the FAA and the airlines continue to incrementally stress our margins of safety at O'Hare by bringing ever greater numbers of operations into O'Hare — squeezing out increments of capacity by bringing in the planes closer and closer together.

- **Huge Loss of Jobs and Economic Benefits to Region.** Eight years later, Chicago and the airlines at O'Hare still argue against a third airport — urging the Region to export hundreds of thousands of jobs to other regions of the country, with the concomitant loss of billions in economic benefits and the loss of hundreds of thousands of jobs in the Metropolitan Chicago Region. Sadly, by default, Chicago and the airlines are winning this argument and we are already losing jobs and economic benefits to other regions due to our failure to build the new regional airport.

- **Economic Consensus that Region Must Build New Capacity.** Eight years later, we have seen a consensus develop with at least three economic studies concluding that the Region will lose billions in annual economic benefits and will lose 300,000 to 500,000 new jobs if major new airport capacity is not built soon.

- **Small Illinois and Midwest Communities Squeezed Out of Regional Air Transportation Market.** Eight years later, we see

smaller Illinois communities and communities from other nearby states such as Wisconsin and Michigan squeezed out of the Chicago regional air transportation market because of the Fortress O'Hare monopoly.

III. REVISITING THE ISSUES

In the past eight years, opponents of new airport construction have waged a massive campaign of disinformation and division. Because the issues of a new airport and the related issue of new runways at O'Hare are so important to our State and our region, we believe that it is important to revisit and re-examine some of the major issues and the claims that have been made concerning these issues. We believe that an objective reader cannot ignore the economic and environmental facts developed by this analysis. We further believe that such an objective reader can only conclude — based on these facts — that:

- The only way that this State and Region can avoid the loss of hundreds of thousands of new jobs and billions of dollars in new economic benefits to other states and other regions is to rapidly build a south suburban regional airport.
- New runways at O'Hare are not the answer and indeed are at the core of the region's problem. Such runways will not provide sufficient capacity to meet the region's air transportation needs and will necessarily drive vast numbers of new jobs and billions in benefits out of the region. Moreover, such runways will bring even more intolerable levels of noise and toxic air pollution to O'Hare communities, which — unlike an environmentally buffered new airport — will be immediately impacted by the hundreds of thousands of new additional flights that new runways will bring. Finally, by delaying a new airport for many years, if not decades, new runway expansion at O'Hare virtually assures that neither the land, the financing, nor the will to build a new airport will ever be available.

A. The Economic Issue Facing Our Region —Loss of 300,000 to 500,000 Jobs if We Do Not Build Major New Airport Capacity

1. Three Separate Studies Say Our Region Will Lose Hundreds of Thousands of Jobs and Billions of Dollars in Annual Economic Benefits if We Do Not Build Major New Airport Capacity.

There are at least three studies — by three divergent interests — that all reach the same conclusion: If this region and State do not build major new commercial airport capacity soon, we will lose hundreds of

thousands of jobs and billions of dollars annually in new economic benefits that will then go to other states and regions that have the needed airport capacity.

What makes this consensus interesting is that each of the three groups have significantly different approaches to addressing the issue. But each group agrees that our failure to build this new capacity will have catastrophic economic effects on our regional economy and on metropolitan Chicago's historic position as the Nation's leading transportation center.

The State of Illinois Study. The State of Illinois has studied the issue of a new airport for a number of years. There is no secret about the State's position. The State advocates construction of a new regional airport. And the State studies predict that our failure to build a new airport will result in a loss of 500,000 jobs to our region and several billion dollars in annual economic benefits.¹

The Northeastern Illinois Planning Commission (NIPC) Study. As a planning agency depending for its very survival on funding from the State and Chicago, NIPC has been infected by the very decisional gridlock pervading the rest of our regional politics. The State wants the new airport; Chicago violently opposes it. NIPC refuses to make a recommendation. Yet even NIPC agrees that failure to build major new airport capacity in our region will cost us 380,000 jobs.² Though recognizing the catastrophic loss of these jobs NIPC refuses to take a stand on where the new capacity should be built — *i.e.*, at a new regional airport or at an expanded O'Hare. (**Note:** As discussed below, even the most aggressive advocates for an expanded O'Hare acknowledge that even with massive expansion, O'Hare cannot possibly handle the growth our Region needs to accommodate.)

The Civic Committee of the Commercial Club Study. The Civic Committee has long been an advocate of additional runways at O'Hare to accommodate traffic growth at O'Hare. Yet this group — like the State of Illinois and NIPC — has recently published a study that predicts that failure to build major new airport capacity in our region will cost us between 330,000 and 500,000 jobs and several billion dollars in new annual economic benefits to our region.³ (**Note:** Again, the Civic Committee, like

- 1 *South Suburban Airport Master Planning and Environmental Assessment: Economic Impact Assessment: Economic Impact Assessment Build vs. No. Build* Illinois Department of Transportation (April 3, 1995)
- 2 *Adjustments To Regional Forecast Totals Assuming Air Service Capacity Constraints*, NIPC staff memorandum to NIPC Planning Committee, March 1, 1995
- 3 *Economic Impact of Expansion in Airport Capacity on the Chicago Region: A Report to the Civic Committee of the Commercial Club of Chicago* (September 19, 1996) (prepared by The University of Illinois and the Federal Reserve Bank of Chicago)

NIPC, fails to specify what physical facilities would be needed to handle the projected traffic growth at O'Hare.)

2. The Bottom Line: More Flights = More Jobs for the Region.

The bottom line on the issue of airport development in the region is very simple. For decades there has been common agreement among Chicago, the State of Illinois, and most business experts that:

MORE FLIGHTS = MORE JOBS FOR REGION

It is important to emphasize that Chicago and the airlines have historically been quick to point out that the number of flight operations are intimately tied to the number of jobs and the amount of economic benefits we in the region receive from our air transportation facilities.

According to Chicago and the airlines:

One year of employment is created for every:

- 4 airport arrivals or departures
- 48 international or 111 domestic passengers boarding a flight
- 32 visitors getting off a flight in Chicago
- 67 tons of Cargo shipped from Chicago's airports

\$100,000 of personal income is created for every:

- 9 airport arrivals and departures
- 118 international or 281 domestic passengers boarding a flight
- 86 visitors getting off a flight in Chicago
- 152 tons of Cargo shipped from Chicago's airports⁴

Using these or similar projections, Chicago and the airlines claim — and we accept for purposes of analysis — that O'Hare generates hundreds of thousands of current jobs in the Metropolitan Region and in excess of 10 billion dollars annually in economic benefits for the region. Using similar projections, in 1990 and 1992 Chicago said that — above and beyond O'Hare's economic contribution — a new third airport at Lake Calumet would produce in excess of 10 billion dollars in new economic benefits for the Region and hundreds of thousands of new jobs.

The bottom line is that if we can attract air transport traffic to our Region — and accommodate it in an environmentally satisfactory way

⁴ Source: Lobbying package of Airlines and City of Chicago in Opposition to S. B. 1245 (1996) in Illinois General Assembly

— we can reap hundreds of thousands of new jobs and billions in new economic benefits for our region.

Chicago and the airlines have repeatedly acknowledged these facts and even boated about the contribution of airline travel to our regional economy. Yet when it comes time to deliver on the hundreds of thousands of new jobs and billions in economic development that construction of a new airport would bring, Chicago and the airlines say ship the jobs and the billions in benefits to regions outside of Illinois.

B. Crunching the Numbers — Where to Put 40 Million New “Enplanements” and Over 1,000,000 New Flight Operations

When speaking of airport development and capacity need, airport planners speak in terms of “enplanements” — people getting on planes. Using figures agreed to by the State of Illinois, NIPC, and the City of Chicago, it is obvious that we have to build new capacity in our Region to handle at least 40 million new enplanements and approximately 1,100,000 new operations— either at O’Hare or at a new airport — if we wish to meet the demand for air transportation in our Region.

The arithmetic is simple. The State of Illinois says — and these projections have been agreed to by NIPC and Chicago — that our regional demand will grow over the next 20 years to 90 million enplanements from a 1993 total of 34.8 million enplanements. The State and NIPC assume that some of that 90 million enplanement can be handled by Milwaukee’s Mitchell Field and significant growth at Midway — leaving 73 million enplanements to be handled at O’Hare or O’Hare in combination with a new airport.

O’Hare at its current level of operations handles approximately 33 million enplanements at 900,000 operations. Simple arithmetic says that O’Hare must accommodate 40 million new enplanements — above and beyond the 33 million enplanements O’Hare currently handles (*i.e.*, 73 million minus 33 million = 40 million) if it is to meet regional demand.

Here are the agreed demand numbers for the region for the year 2020:

Total 2020 regional demand	90 million enplanements
Demand that can be handled by Milwaukee Mitchell and an expanded Midway	17 million enplanements
2020 demand that must be handled by either O'Hare alone or O'Hare plus a new Regional Airport	73 million enplanements
Current enplanement load (1996) at O'Hare	32-33 million enplanements
Shortfall in new enplanements that must be accommodated above O'Hare's current load at either O'Hare or O'Hare plus a new Regional Airport	40 million <u>new</u> enplanements

Let's assume for the moment that we do not build a new regional airport. How do we handle the 40 million new enplanements at O'Hare — above and beyond the 32-33 million currently handled at O'Hare? O'Hare currently handles its existing load of 32-33 million enplanements with approximately 900,000 operations (909,000 in 1996). The ratio of enplanements to operations has remained virtually constant for the last several years — with the average enplanements per operation ranging between 34 and 35 enplanements per operation. At 35 enplanements per operation, the number of operations necessary to carry the 40 million new enplanements is 1,142,857 new operations — above and beyond the 900,000 operations currently at O'Hare.⁵

The typical airlines and Chicago response to calculations like these is that they overstate the number of needed operations because the planes will be larger and the number of enplaning passengers per plane will be greater. Neither the airlines, nor Chicago, nor the FAA provide any data to support these claims and the actual data collected at O'Hare over the last several years shows the average size of aircraft actually decreasing — not increasing. Yet even if one accepts, for the sake of discussion, FAA's projections of greater numbers of enplanements per aircraft, the number of new flight operations that will be required to carry the 40 million new enplanements will total over 950,000 new

5 Source of the flight operations calculation is the FAA statistical information provided in the FAA's annual *Aviation Capacity Enhancement (ACE) Plan*. The average enplanements per operation at O'Hare over the last several years has stayed steady at between 34 and 35 enplanements per operation. Dividing 40 million enplanements by 35 enplanements per operation yields an operations level for the new additional operations of 1,142,587 new operations — above and beyond the 900,000 operations currently at O'Hare.

flights.⁶

What this means is that unless we build a new airport soon, O'Hare will be asked to accommodate an additional from 950,000 to 1,100,000 flights above and beyond the already more than 900,000 flights currently operating each years at O'Hare. Alternatively, if O'Hare cannot handle these new flights and the flights are diverted to other regions, our region will lose hundreds of thousands of jobs and billions in new economic benefits.

Current O'Hare load	33 million enplanements	900,000 flight operations
Future additional demand	40 million <u>new</u> enplanements	950,000 to 1,100,000 new operations

C. A Vastly Expanded O'Hare Cannot and Should Not Accommodate the Expanded New Traffic

The question immediately arises: Can or should O'Hare accommodate 73 million enplanements (33 plus 40)? The answer is clearly no — on both counts. Does anyone really expect O'Hare area residents to sit still for over a million new flights above and beyond the 900,000 already over their heads and homes? Does anyone realistically believe that even with two new runways, O'Hare can accommodate the million new operations — above and beyond the 900,000 current operations?

It is patently obvious that O'Hare cannot accommodate over 1,000,000 new operations — above and beyond the 900,000 it already carries.

The new noise monitoring system installed by the Suburban O'Hare Commission, as well as Chicago's own noise monitoring system, show that the existing levels of harmful aircraft noise extend far beyond the noise levels and geographic extent previously acknowledged by Chicago.

⁶ The FAA projects — without supporting documentation — that enplanements per operation will rise from the current level of 35 enplanements per operation to 42.9 enplanements per operation. See 1996 FAA *Aviation Capacity Enhancement Plan Airport Database*, available on CD-ROM from the FAA. In reality, FAA has acknowledged that the average aircraft size at O'Hare has actually been decreasing — not increasing. "Average aircraft size [at O'Hare] in all stage length categories over 249 miles has been decreasing since 1979." A Study of the High Density Rule (FAA May 1995). Technical Supplement #2, at 47 (emphasis added).

Beyond the noise, consider the toxic air pollution created by O'Hare. Currently, the 900,000 operations create levels of toxic air pollution — including such harmful chemicals as Benzene and Formaldehyde — that would not be allowed from a federally licensed toxic waste dump. The State of Illinois ranks O'Hare as among the top five largest toxic pollutant emitters in the State; yet officials look the other way when asked to control and reduce O'Hare's toxic air pollution. Imagine the additional impact of another million flights on the toxic air pollution levels around O'Hare.

Finally, there is the question of safety. Safety at O'Hare is already overtaxed at 900,000 operations. The FAA and Chicago are able to jam more traffic in only by using a host of questionable techniques to squeeze planes closer together and inevitably stress the existing margins of safety. To try to put several hundred thousand more flights into that space is playing Russian Roulette with the safety of the flying public and the residents who live under O'Hare's flight paths.

D. The Chicago/Airline Approach — A LOSE/LOSE Proposition for O'Hare Communities and the Region

But Chicago and the airlines have a fall back position — designed to defeat the new regional airport we desperately need and keep the high fare/monopoly lock United and American have on time sensitive Chicago area business travelers. They say let O'Hare grow to 50,000,000 enplanements — an almost 40% increase from current levels — with an increase in flights of between 300,000 to 500,000 operations.

Even this 300,000 to 500,000 level of flight operations increase will wreak environmental havoc on neighboring O'Hare communities in added noise and air pollution. If the current levels of noise and toxic air pollution in communities around O'Hare are unacceptable, how can anyone justify adding 300,000 to 500,000 new flights at O'Hare?

Moreover, Chicago and its O'Hare airlines allies have a plan to address the 23 million enplanements Chicago's plan cannot handle — *i.e.*, the 73 million enplanements O'Hare needs to handle minus the 50 million enplanements Chicago and the FAA say O'Hare will handle with new runways and associated expansion elements.

What's Chicago and the airlines' plan? Send the 23 million enplanements that the expanded O'Hare cannot handle — and the hundreds of thousands of jobs and billions of dollars in associated economic benefits from that traffic — to other competing regions, namely Denver where United has a hub and Dallas-Ft. Worth where American is headquartered. Chicago and the airlines have expressly

stated that their goal of shipping air traffic and the associated jobs and economic benefits out of our region into other states:

The question arises when you look at connecting traffic. And the airlines have made it clear that they don't need a new airport for connecting traffic. There are many existing airports elsewhere, where the airlines already have major investments, that they can route their connecting passengers through.

*Testimony of Chicago Aviation Commissioner
David Mosen before the Illinois House Executive
Committee March 2, 1995*

All the studies done to date have shown that there is more than enough capacity at the existing airports to handle all the Origin and Destination demand through the year 2020, and the only reason additional capacity would be needed would be to allow growth in connecting traffic.

To make room for additional connecting passengers, it is far more likely that the airlines will route these passengers through existing, paid for facilities with excess capacity — like United's hub at Denver or American's hubs in Nashville and Dallas/Ft. Worth — than by investing in a brand-new \$5 billion dollar airport.

*Airline Industry Lobbying Package submitted to
Illinois Legislature January 1996*

Result for our region? A loss of hundreds of thousands of jobs and billions in economic benefits for the region.⁷

Essentially Chicago and the airlines are offering a LOSE/LOSE proposal to the region:

1. The State and Region lose the hundreds of thousands of jobs and the billions in economic benefits when the 23 new million enplanements even a vastly expanded O'Hare cannot handle are accommodated by airport capacity in other states and other regions.

⁷ While our region loses by shifting these flights to hubs at Denver and Dallas, United and American continue to benefit from the revenues produced by the flights. Their position — along with their desire to maintain a virtual monopoly on time-sensitive high-yield business travel in our region — makes perfectly rational economic common sense for these airlines. See our discussion of the Fortress O'Hare monopoly infra. Unfortunately, what is good for United and American is destructive to our region's economy. What is good for us is keeping these flights, and the jobs associated with these flights here in our region.

2. The O'Hare neighbor communities lose when the Chicago/Airline program to stuff 300,000 to 500,000 new flights into O'Hare produces major increases in noise frequency, air pollution, and increased safety concerns.

E. The Debate Over Transfer Traffic

To understand how the airlines and Chicago can, with a straight face, ship hundreds of thousands of jobs and billions in economic benefits out of the region, the reader must appreciate the nature of the “transfer” traffic market and the historic role the Chicago area has played in serving as the air transportation crossroads of the Nation.

Most Chicago area citizens and many in the media think that our past and future economic goal should be to provide good air service to travelers to and from Chicago. But in reality, less than half of our air passenger traffic consists of persons traveling to and from the Chicago area.

These “origin-destination” passengers include all our metropolitan business and recreational travelers, as well as all those people from other areas who wish to visit the Chicago area for business, personal matters or recreation. They include all the people we work hard to attract, including all our convention and business visitors.

If meeting the air travel needs of our Chicago area “origin-destination” passengers were all we were concerned about, our discussion could end now. O'Hare has more than enough capacity to accommodate our “origin-destination” traffic for many years to come. Indeed, were “origin-destination” traffic needs our only concern, we could dramatically reduce the number of flight operations at O'Hare — dramatically reduce the noise injury to residents living around O'Hare — and easily meet the requirements of “origin-destination” traffic for a long time.

But meeting the needs of our “origin-destination” traffic is only part of the story. Chicago and other major airport centers such as Denver and Atlanta — have competed aggressively for the so-called “transfer” market. More than one-half of the air travelers passing through O'Hare never set foot outside the terminal, and never spend a dime in Chicago area hotels, restaurants, or meeting facilities. These are so-called “transfer” passengers, traveling (for example) from Des Moines to Cleveland with a transfer at Chicago.

This so-called “transfer” traffic is very important to our regional economic welfare. For the airline personnel and the air travel service industries based in metropolitan Chicago, that transfer traffic means thousands of jobs and billions of dollars of associated spending in our

region. Equally important, the flexibility in travel schedules created by serving the transfer traffic market allows our region to provide an extremely attractive base for businesses to establish corporate headquarters and marketing centers. The same flexible flight schedules that service the transfer market allow the Chicago based business traveler a wide range of options in using the Chicago as a base of operations.

The competition for the transfer traffic market is intense. If we in metropolitan Chicago want to retain — and indeed expand — our market share, we will have to aggressively identify and implement those actions necessary to attract transfer traffic.

After acknowledging in the Lake Calumet Airport proposal the importance of the transfer traffic market to the economic health of our region and our historic and future role as the Nation's transportation crossroads, Chicago has done another economic flip-flop. Chicago and United and American airlines now say that the transfer traffic is of no economic value to our region. By shipping this traffic to United's hub at Denver and American's hub at Dallas, Chicago and these airlines claim that we have more than enough capacity at O'Hare to meet the growth in our origin destination traffic.

If we were to accept such sophistry and agree that transfer traffic is of no value to our region, the debate would be over. We could cut the air traffic at O'Hare by more than 50%. Our O'Hare communities would get much less noise and air pollution and there would be no loss to the region's economy. Further there would be no need to debate either the construction of the new airport or expansion of O'Hare — since an O'Hare with less than half of its current traffic would have more than enough capacity to accommodate all expected origin-destination growth with its existing facilities, with no new runways and no other expansion.

But neither we nor Chicago or United and American really believe this argument. Imagine Chicago's and the airlines' reaction if we suggested cutting existing transfer traffic out of O'Hare. Chicago and the airlines would rightfully claim — as they have to the Illinois Legislature — that this transfer traffic is critically important to our regional economy and brings hundreds of thousands of jobs and billions in benefits to our region.

And the same logic and common sense that would call for rejection of any proposal to cut the transfer traffic out of O'Hare also calls for rejection of Chicago's and the airlines' proposal to ship this future transfer traffic — and the jobs and economic benefits that come with it — to other states and other regions.

F. The Hyde/Jackson Approach — WIN/WIN for the Region and the Environmentally Battered O'Hare Communities

We find that the Chicago/Airline solution is unacceptable for several reasons. First, it is unacceptable because it sends hundreds of thousands of jobs and billions of dollars in economic benefits out of our region and our state. Even with a vastly expanded traffic level at O'Hare, Chicago and the airlines acknowledge that 23 million enplanements and several hundred thousand operations — along with the hundreds of thousands of jobs and billions in economic benefits they represent — would be sent out of our State and our region to other states.

Second, the Chicago/Airline approach is environmentally unacceptable because of the tremendous burdens it places on O'Hare area communities. The additional noise and toxic air pollution represented by 300,000 to 500,000 additional flights squeezed into O'Hare — in addition to the 900,000 operations currently there — is simply unacceptable.

We, however, propose a WIN/Win solution for the State and the Region. We propose a vital O'Hare at its current levels of operations joined by new regional airport to handle the new traffic growth in an environmentally acceptable manner. With this system in place, O'Hare communities are spared the further insult of a massive increase in air traffic while the region is assured of the full economic benefits of all the traffic growth staying in our region. The region gets all the hundreds of thousands of new jobs and all the new economic benefits. The O'Hare communities get a modicum of protection.

G. Balance and Economic Equity

The paring of O'Hare and Midway with a new south suburban airport — and the preservation of hundreds of thousands of new jobs for our region — has other beneficial effects as well. Chicago proudly claims that the economic and job benefits of O'Hare are spread across a multi-county metropolitan region. But even Chicago and most independent observers would agree that the economic benefits of O'Hare are concentrated more strongly in northwest Chicago and the northwest suburbs surrounding O'Hare than they are in south Chicago and the suburbs of south Cook County, and Will and Kankakee Counties.

Whatever the benefits of O'Hare, they are harder to see in Robbins, Calumet City, and Ford Heights than they are in Arlington Heights and Schaumburg. A fair observer would agree that a sense of economic fairness and equity — as well as a desire to more uniformly balance regional development — would suggest that the new air traffic would

best be served by a new regional south suburban airport, rather than jammed into an already overburdened O'Hare.

There has been much discussion of late regarding concerns over real and perceived economic disparities between various areas within our six county metropolitan region.⁸ But whatever the outcome of such discussions — and many of us may have respectful disagreements in such discussions — this much is clear:

A new south suburban airport — bringing hundreds of thousands of new jobs and billions of dollars of additional economic benefits to our region — will do much to redress any economic disparity that may exist in our region and will serve as a second “economic engine” to drive our regional economy forward for the benefit of all our citizens. A new south suburban regional airport will do much to achieve regional economic balance and economic equity within our region.

Many sections of the south side and south suburbs have been in an economic nose-dive for decades. Massive corporate disinvestment has left many south Cook County communities with shuttered factories, abandoned malls, boarded-up homes and concomitant demands on social services.

Economic benefits mean hundreds of thousands of jobs — but they also bring something else. The commercial development associated with a new airport will see a rise in property values and parallel rise in property tax revenues for area schools on the south side and south suburbs. When this happens, the children of Ford Heights, Harvey and Dixmoor will be able to attend schools comparable to those in Elmhurst, Park Ridge and Arlington Heights. With better schools and restored infrastructure, these communities can be proud partners with their northern and western neighbors in a strong and fair regional economy.

Most everyone, from Chicago to Cairo, can agree that the best way to reduce unemployment, disinvestment, and the resulting problems with crime, drugs, despair and hopelessness is to put people to work at good jobs with good salaries.

It's time to lift the level of the airport debate above petty politics — and to focus on the high road common ground of economic development, public health protection, and regional welfare that a third airport will bring.

8 See, e.g., Orfield, Myron, *Chicago Regional Report, A Report to the John D. and Catherine T. MacArthur Foundation* (October, 1996); *Mapping The Future, Resource Materials For Regional Conversations* (MacArthur Foundation)

H. The New Airport Would Benefit the Entire State

The financial gains of the third airport will not be limited to one section of the Region, or even one section of the State. All of the Chicago metropolitan area and many downstate communities stand to gain. With a new airport in partnership with a vital O'Hare and Midway, Chicago would regain its rightful place as the Nation's air transportation center. The three airports (New York has three; Washington, D.C. has three; and Los Angeles has five) would provide the Region with plenty of runway space for large and small planes far into the next century. For years O'Hare has been squeezing out planes from small markets to make room for larger planes. In short, residents and investors from downstate communities like Peoria, Moline, Danville, and Decatur have been increasingly locked out of the Chicago air transportation market.

I. The Politics of Fear and Divisiveness vs. the Politics of Hope and Cooperation

Those who have opposed the new south suburban airport have thus far successfully blocked the new airport using the politics of fear and division — both in setting different areas of our state and region against each other and falsely playing on the fears of separate constituencies in our region. Thus these new airport foes have deliberately played off northwest suburbs against south suburbs; Republicans against Democrats; downstate communities against the metropolitan region.

These opponents never come out in a straightforward fashion and admit to the fact that under their scenario they will send hundreds of thousands of jobs and billions in economic benefits outside the region. Instead they falsely seize on one argument or another that can create a backlash of fear in a given constituency.

Thus they tell the downstate communities that the new airport will divert road funds from downstate projects. They tell northwest suburbs that a new airport will kill O'Hare and the economic vitality of the communities around O'Hare. They tell Democrats that the new airport will mean a Republican takeover of O'Hare and its political patronage. They tell supporters of Midway that a new airport will kill Midway.

Each of these arguments has but one focus — kill the new regional airport and the hundreds of thousands of jobs and billions in economic benefits it would otherwise bring. But each argument is tailored to play upon the individual fears of an isolated constituency.

In contrast, we as Congressmen representing different areas of the entire Region are seeking common ground to keep these jobs and benefits in our region. To the downstate communities we say that the State and the Region — and we — should be willing to work with you to guarantee that no downstate road funds would be used for infrastructure for the new airport.⁹ To the supporters of Midway — and include us among them — we say that we will work with you to provide guarantees for Midway's continued vitality.

To the Democrats and the Republicans who are worried about political control, we say that there should be a fair system of representation that should allow each political constituency in the region to have a fair say in the operation of the Region's airports. If necessary to develop the coalition necessary to build the third airport, we could support a an organizational structure which keeps control of O'Hare — subject, of course, to the ultimate authority of the State over all its political subdivisions — in the hands of the City of Chicago.

To the businesses around O'Hare which have been told that a new airport will kill O'Hare, we say look at the facts. There are several major metropolitan areas which have a multiple airport system (*e.g.*, New York, Washington, D. C., Los Angeles). In none of these cities has one airport (*e.g.*, Newark, La Guardia, or JFK) cannibalized the economic vitality of the other.

Nevertheless, we are willing to sit down with northwest suburban business leaders to assure them that a new airport will be part of an airport system that includes a vital O'Hare. To those worried that a new airport will offer lower costs (because of lower cost new infrastructure) we are certain that a fair mechanism can be developed to assist in upgrading O'Hare area business infrastructure to address the competition.

J. Understanding the Financing of Airport Construction — The Historic Role of Federal Assistance

Airline opponents have said that the airlines will not pay for construction of a new airport. But most people do not understand that most airport construction funding — including construction at O'Hare — is done with federal taxpayer dollars and not with airline funds. Indeed, much of the facilities at Midway and O'Hare have been constructed with federal taxpayer dollars. Thus, the airlines have long received direct and indirect government-funded facilities — construction subsidies not enjoyed by most businesses.

⁹ As noted above, we also say that major new capacity at a south suburban airport will enhance opportunities for access to commercial air service access by downstate communities that are slowly being squeezed out of O'Hare.

We do not believe that any airline funds from airlines at O'Hare and Midway should be used should be used to construct the new regional airport. We do believe, however, that the same kind of federal subsidies that have been used to build other airports — including O'Hare and Midway — should be available to construct the new regional airport.

Historically there have been two sources for funding of airports: 1) federal "ticket tax" moneys (called "AIP" or Airport Improvement Program funds) from the federal Airport Trust Fund collected on every ticket sold in the United States, and 2) municipally issued General Airport Revenue Bonds ("GARBs"). Quite often an airport project would be funded in an 80/20 split — 80% coming from a federal AIP grant and 20% from GARBs issued by the municipal airport proprietor.

The airlines for whose operations the runways and terminals were built received two major subsidies. First was the direct federal AIP grant of up to 80% of the cost. None of the airlines serving the airport are required to repay the AIP grant. Second was the municipal status of the GARBS which — though paid by the airlines — were treated as tax deductible revenue bonds which received a major interest rate discount due to their tax-free municipal status.

In the 1980s, the amount of AIP funds available for airport construction was reduced due to federal government attempts to use these funds: a) to balance the deficit, and b) to pay for the operations of the FAA. In response to this lowering of available AIP funds, the airlines and airport operators lobbied Congress for legislative approval of a new federally authorized head tax — called the Passenger Facility Charge (PFC) — of \$3.00 per passenger.

This additional federal PFC tax was passed in 1990 at the direct request of major airport operators such as the City of Chicago. Chicago lobbied to use the PFC taxes collected at O'Hare to build a new regional airport at Lake Calumet.

In the passage of the 1990 legislation a dangerous and destructive loophole was created. Whereas Airport Improvement Program (AIP) funding at a local airport had to be directed and approved by the state transportation agency, the federal Passenger Facility Charge (PFC) funds went directly to the airport proprietor — thus eliminating state authority to direct where the funds should be spent in the State.

However, since the defeat of Chicago's proposal for the Lake Calumet Airport, Chicago has hoarded the revenues from these federally authorized PFC taxes and has refused to allow their use for a new regional airport. Ironically, Chicago has used a portion of the

revenues collected at O'Hare to give money to Gary, Indiana's airport. This transfer of money collected at O'Hare to Gary was designed to block attempts by the State of Illinois to build the new south suburban airport.

Chicago's conduct in hoarding these PFC funds is a major impediment to new airport construction in Illinois. Let's be clear. No Chicago commercial airport — be it Midway, O'Hare or a new regional airport — can likely be built without an extremely high level of funding subsidized by the federal government. Midway and O'Hare were built primarily with heavy doses of federal tax revenues and tax-free bond subsidies. Much of the construction going on at O'Hare today is being built with federally authorized PFC funds.

What becomes obvious from this discussion is that some major forms of direct and indirect federal financial subsidy have been necessary for the development of Midway and O'Hare and will be necessary for the construction of the new regional airport. Whether these funds are derived from the federally authorized PFC revenue stream or the federal AIP funds is irrelevant. The reality is that a major infusion of such funds will be necessary for construction of the third airport.

Chicago and the airlines have been effectively able to stop federal financial assistance to the new airport. Chicago wrongly claims that the federally authorized PFC revenue stream belongs to Chicago — not the federal government. Despite his promise to Congress to use the PFC revenues for a new airport, Chicago's mayor now refuses to share these revenues. The airlines serving O'Hare claim that these federally authorized PFC funds belong to them (*i.e.*, United and American).

In truth, these funds belong neither to Chicago nor the airlines. The airlines' only investment at O'Hare is their commitment to repay GARBS - which are only used to finance a portion of the construction. The airlines at O'Hare do not own the federally authorized PFC revenue stream, which are not GARBS and which the airlines have no duty to repay.

Nor does Chicago own this revenue stream. The federal legislation creating the federal PFC head tax requires FAA approval for Chicago to both "impose" and "use" the PFC revenues. Chicago must have FAA's approval to collect the tax and separately must have FAA's approval to "use" the tax. Thus the FAA has the power to refuse Chicago's request to impose or use PFC funds or alternatively to condition Chicago's use of these funds for the benefit of the air traveling public and for the benefit of environmentally sound air transport facilities in the region.

It is obvious that the financial logjam has to be broken and that — like Midway and O'Hare — substantial direct and indirect federal financial assistance has to be provided for construction of the new airport. This can happen in a variety of ways.

First, Chicago can join with the State and the rest of the region in forming a Regional Airport Authority with supervisory control over all the metro region commercial airports. This was the mechanism proposed by Chicago and Governor Edgar in the Lake Calumet proposal in 1992 and would have allowed a regional authority to use PFC revenues collected at O'Hare for construction of a new airport. That was Mayor Daley's plan then and we would endorse passage of such legislation now.

Second, the federal government can stop Chicago from hoarding the PFC revenue stream — either legislatively or through FAA action. This hoarding is creating a massive loss of needed capacity in the region and Illinois Congressional Leadership would have every reason and justification to demand that the FAA order the funds freed up to enable third airport construction. Alternatively, either Congress or the FAA could impose a moratorium on Chicago's use of the PFC funds until agreement had been reached on use of a portion of the funds for a new airport.

The bottom line is that there are a variety of mechanisms available — either at the federal or the state level — that can bring an end to the financial gridlock caused by Chicago's hoarding of the PFC funds. That there must be an end to such gridlock is clear and it is our duty on a responsible bipartisan basis to break the gridlock and get the new airport sufficient federal financial assistance.

K. Understanding the Opposition's Motivation — The Anti-Trust and Monopoly Pricing Issue

In the 19th century, the railroad industry provided invaluable public service to the Nation in moving goods and people across the country. Today, the airline industry performs an equally valuable service, moving our people and cargoes around the Nation and around the world.

But in the 19th century the railroad industry began to engage in a series of practices — which while perfectly rational from the internal business perspective of the railroads — were highly destructive to important regional and national economic values of the Nation. These destructive practices included such tactics as predatory pricing, monopoly pricing of captive markets, and a host of other pricing and service practices designed to help the economic bottom line of the railroad industry at a severe cost to the consuming public and the

regions and cities dependent on rail service for the economic well being of their citizens.

These abuses led to the entire statutory and regulatory development of our Nation's anti-trust laws, designed to prevent the concentration of monopoly power. Unfortunately for Chicago and many other similarly situated cities in our country, the airline industry has copied to a fare-thee-well many of the same pricing and monopoly abuses for which the railroads were infamous.

Since the late 1970s, the airlines have developed what they refer to as "Fortress Hubs" in various cities around the country. By controlling the majority of the traffic at these Fortress Hubs, the controlling airlines can charge monopoly fares to time-sensitive business travelers — secure in the knowledge that there is no effective competition to force lower fares.

The monopoly pricing is not in the tourist or excursion fares. It is in the fare structure imposed on the time-sensitive business traveler, the business person who must leave Chicago tomorrow for a business destination in another major business center and must return to Chicago quickly.

For this time-sensitive business traveler, United and American have a lock on high priced business fares. The following is a list of recent next-day unrestricted fares between Chicago O'Hare and many of the Nation's major business centers:

	American	United
NY LaGuardia	\$1018	\$1018
Washington National	\$1092	\$1292
Los Angeles	\$1856	\$2076
Atlanta	\$986	\$1104
Denver	\$1166	\$1414

Nor does Midway provide truly effective competition to the Fortress Hub at O'Hare. First, Midway airlines do not serve on a direct non-stop basis many of the business markets served out of O'Hare. Second, even in those markets they do serve, the volume of seats out of Midway does not match the number of seats out of O'Hare. Whatever, slight adjustments are made to address any competitive

volume at Midway are not significant when viewed in terms of total seat volume serving the market out of O'Hare.

In short, for the time-sensitive business traveler from Chicago to many of our Nation's major business markets, United and American at their "Fortress O'Hare" are able to extract monopoly fare premiums out of Chicago business travelers. The cost to Chicago area businesses for this monopoly premium by United and American at Fortress O'Hare is huge. The State of Illinois estimates that Chicago business travelers pay a monopoly premium of between 200-300 million dollars annually due to lack of competition.

Here then is the real reason why United and American have waged such a vitriolic and aggressive campaign against construction of a new airport. A new airport means that significant long-haul competition — not just the stop-to-stop short-hop discount airlines out of Midway — can come into the metropolitan Chicago market. A new airport means an end to the monopoly business fare gravy train that Fortress O'Hare has provided United and American. A new airport means significantly reduced fares for the time-sensitive Chicago business traveler and significantly less monopoly profits for American and United.

L. Chicago's Plans Include New Runways and Massive Growth with Much of the Excess Traffic and Hundreds of Thousands of Jobs Transferred to Other States and Other Regions

While we engage in a rhetorical debate about a new airport vs. O'Hare expansion, Chicago is actually moving forward with its secret master plan for expansion at O'Hare.

Chicago has desperately tried to keep its plans secret from the public and other governmental officials. But details of the plan — created by Chicago and officials from United and American — are starting to leak out. We now know this about the elements of Chicago's new and still hidden "Master Plan" for the development of O'Hare.¹⁰

- Chicago's Master Plan calls for O'Hare growing from a current level of 32-33 million enplanements and 900,000 operations in 1996 to 50 million enplanements and up to 1,400,000 operations by the year 2010.
- To accommodate the massive growth in operations and people at the Airport, Chicago's new Master Plan program contains the following elements:

¹⁰ The elements of Chicago's Master Plan are slowly being disclosed as a result of a lawsuit filed by the State's Attorney of DuPage County and the County of DuPage, the towns of Elmhurst, Bensenville and Wood Dale, and by Congressman Hyde and State Senate President Philip. In discovery in that case, Chicago has been held in contempt of court for its decision to hide over 45,000 pages of documents relating to its expansion plans at O'Hare.

1. Two new runways
 2. Extensions on several of the existing runways
 3. Extensions of several of the existing terminal buildings
 4. A new Ring Road around O'Hare with Western Access and a redeveloped and expanded eastern access at I-90 and Bessie Colman Drive.
- These elements are being and will be constructed on a piecemeal basis. By building many of the elements of this Master Plan now on a piecemeal basis, Chicago hopes to make its vision of Chicago's airport future a *fait accompli*.
 - Because the expansion can only handle an additional 17 million enplanements, Chicago will have to send 23 million (*i.e.*, $40-17=23$) enplanements to other regions such as Dallas-Ft. Worth and Denver.

With this expansion Chicago and the airlines will argue that there is no need to discuss a third airport for many more years since the O'Hare expansion — with its several hundred thousand new flights — allows us to delay a decision on the third airport. Apart from the unacceptable environmental impacts on O'Hare communities, this piecemeal expansion of O'Hare inevitably will kill the new airport. By the time we get around to deciding on a new airport site 15 or 20 years from now, there won't be any sites available and the jobs and economic development that would have come with that new airport will be little more than a pipe dream.

M. The Delay/Capacity Game

In the public relations game that surrounds much of the debate about the new airport and O'Hare expansion, no topic has been the subject of more disinformation than that of new runways and the issue of "delay" at O'Hare.¹¹ But few if any have bothered to look at the underlying data and facts. When one undertakes such an examination, one discovers that much of the talk of a need for new runways to reduce "delay" at O'Hare is pure public relations hype — designed to mask Chicago's and the airlines campaign to expand capacity and push more flights through O'Hare.

11 Nowhere was this disinformation greater than in the press play Chicago and the airlines gave to the so-called "Delay Task Force Report" prepared by Chicago's consultant under FAA sponsorship. Though publicly touted as a report addressing delays (which turned out to be computer simulated "delays" that did not exist in the real world) the internal FAA and Chicago documentation shows that the whole exercise was to develop a program for expanding capacity at O'Hare. Internally the Delay Task Force Report was called the "Capacity Enhancement Report" and the so-called "Delay Task Force" was internally known as a "Capacity Design Team."

Delays are Way Down at O'Hare

Chicago and the airlines argue — and the State of Illinois has accepted their argument — that a new runway is needed at O'Hare to reduce delays at O'Hare. They have argued that delays are rising at O'Hare.

There is only one problem with this argument. When asked to produce hard facts demonstrating an increase in delays, Chicago, the FAA, and the airlines are forced to admit that no such data exists.

On the contrary, the available data¹² shows that delays at O'Hare have steadily and dramatically decreased over the years.

The official data record is the FAA's own ATOMS system. And the data from ATOMS shows that delays at O'Hare have decreased by 70% since 1989 and are lower in 1995 than they were in 1985. Indeed, delays per operation at O'Hare in 1995 were lower than at Midway in 1995.¹³

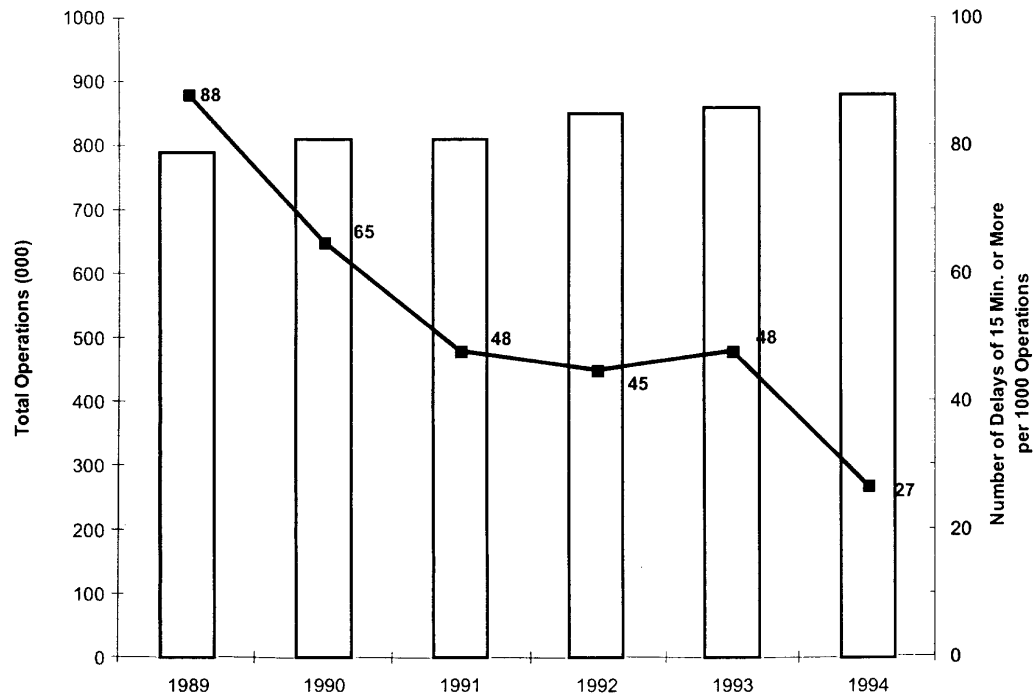
12 There are two sources of data used by the FAA to quantify the amount of delay experienced at the Nation's Airports:

-The first data source is FAA's official Air Traffic Operations Management System (ATOMS). This is the official data collected by FAA personnel at O'Hare and the Nation's other major airports.

- The second delay data source is unofficial information prepared by individual carriers and reported to the FAA. There is no independent auditing of the accuracy of this second data source. Historically this data source was called the Standardized Delay Reporting System or "SDRS". (See FAA 1988 *Airport Capacity Enhancement Plan* at 1-7). In recent years the name has apparently changed to the Airline Service Quality Performance (ASQP) database. (See FAA 1996 *Airport Capacity Enhancement Plan* at 20).

13 Source FAA 1996 *Airport Capacity Enhancement Plan* and database. Nor does data supplied by United and American in the SDRS/ASQP database show any major increase in delays at O'Hare over the last twenty years. Indeed the delays reported by the airlines at O'Hare are roughly the same as they reported in the late 1970s.

OPERATIONAL DELAY RATE, 1989-1994¹⁴



The New Runways are for Increased Capacity and a Massive Flight Increase

If the data at O'Hare fail to demonstrate any increase in delays and indeed actually show a dramatic drop in delays, why the push for new runways? The new runways will allow Chicago to get the so-called "High Density Rule" lifted and thus be able to push hundreds of thousands of new flights through O'Hare.

O'Hare is essentially a dual parallel runway airport designed in the 50's and built in the 60's and 70's. It has three sets of dual parallel runways. Chicago and the airlines have plans to install two new runways — one in a Northwest/Southeast direction and one in an East/West Direction. This would give Chicago two sets of what are called "triple parallels."

Because of O'Hare's essentially dual parallel nature, the FAA recognized long ago that O'Hare was reaching its capacity. As a stop-gap measure in the 1970s, FAA allowed the use of a third

¹⁴ See *A Study of the High Density Rule* (FAA 1995) at 36. This graph shows that delays are decreasing while traffic is increasing — a phenomenon that can occur by piecemeal increase in airport capacity through either physical improvements or change in air traffic control procedures.

converging runway in good weather conditions. But because this stop-gap measure — while allowing more flights into the airport — also created more congestion, FAA imposed what is known as the High Density Rule. This rule limits the flights at O’Hare to 155 flights an hour in good weather conditions.

Chicago and the airlines say that the delay is caused by bad weather conditions called “IFR” (Instrument Flight Rule) conditions. But what Chicago and the airlines don’t reveal is the relationship between good weather and bad weather conditions in the High Density Rule. The High Density Rule is currently 155 operations per hour in VFR (Visual Flight Rules) conditions, which is a combination of balancing the highest output capability of the airport in good visibility conditions with the output capacity of the airport in low visibility conditions. In effect, the low visibility limits control not only what may be put through the airport in bad weather, but also control what may be put through the airport in good weather as well, since the good weather limit is based on this good weather/bad weather combination of balanced capacity.¹⁵

By raising the volume of traffic one can bring in during IFR conditions, the airlines can also raise the total volume of traffic they can bring in during VFR conditions. Thus with triple parallel runways, Chicago and the airlines can get the ceiling on the High Density Rule lifted and push hundreds of thousands of additional flights into O’Hare.

And as noted above, any doubt about Chicago’s real plans for the new runways at O’Hare are slowly leaking out. Chicago is currently building pieces of its “mini-master plan” to grow O’Hare from its current level of 33 million enplanements to an expanded level of 50 million enplanements. The new runways and associated elements of the master plan call for an increase in flight operations by 300,000 to 500,000 new flights at O’Hare.

N. O’Hare’s Dirty Secret — The Air Toxics Issue

It’s More Than Just Kerosene

Recently, a trustee in Elk Grove Village, a former United employee, spoke of helping his neighbor power wash the outside of his house. In his words, there was enough kerosene in the water coming off the house to fuel a 727.

15 For a discussion of FAA’s concept of Balanced Airfield Capacity and the relationship between IFR and VFR conditions in setting the hourly limit, see FAA, *A Study of the High Density Rule, Technical Supplement No. 3* at B-2, *et seq.*

But his and our concerns are not limited only to the problems of kerosene coated houses and cars. O'Hare's dirty (but not so little) secret is the issue of air toxics. Air pollution from O'Hare consists of burned and unburned jet fuel aerosols containing dozens of carcinogenic organic compounds —including Benzene and Formaldehyde.¹⁶ When one concentrates 900,000 flight operations in the closely confined space of O'Hare and its immediate surrounding neighbors, the inevitable result is a high concentration of a host of toxic pollutants in a pollution cloud over and around O'Hare. And unlike the new regional airport — which will by design have a significant land buffer to assist in the dispersal of these toxic pollutants to keep them away from residential areas — there is no such buffer at O'Hare.

IEPA acknowledges that O'Hare with its 900,000 aircraft operations ranks in top 3-5 sources of toxic pollutant emissions in the state — comparable to major coke plants and refineries. Yet neither Chicago nor IEPA measures the quantity or chemistry of toxic pollutants coming from O'Hare and being deposited in our communities.

Read the Fine Print

Chicago and the IEPA say that O'Hare emissions appeared to be in compliance with NAAQS (National Ambient Air Quality Standards). However, as IEPA has admitted, these NAAQS standards do not address the specific health risks presented by the toxic and hazardous air pollutants emitted by O'Hare. For example, the NAAQS for Ozone and Carbon Monoxide are based on health studies specific to those pollutants and do not address the health hazards presented by toxic pollutants such as Benzene and Formaldehyde — which are pollutants associated with O'Hare emissions. Neither IEPA or Chicago samples for toxic or hazardous pollutants such as Benzene or Formaldehyde around O'Hare.

Nor does the fact that much of the IEPA's and the federal EPA's permitting programs focuses on "stationary" sources allow the agency to ignore the massive scope of the O'Hare toxic emissions problem. Our children do not know whether the toxic pollutants they breathe from O'Hare operations come from either stationary or mobile emission sources associated with the airport. Further, existing federal and state laws clearly give federal and state officials power to control the air pollution aspects of O'Hare.

16 See Toxic Emissions From Aircraft Engines (United States Environmental Protection Agency 1993)

Nor does the fact that individual aircraft meet the “end-of-the-pipe” emission standards for jet engines solve the problem. A single automobile on the street may not pose a health risk, but an automobile emitting pollutants in compliance with “end-of-the-pipe” standards can be deadly in a constricted environment when thousands of autos are concentrated in one location. Similarly, whatever the state of compliance with individual jet engine emission limitations, the concentration of thousands upon thousands of these aircraft in a confined atmospheric locale creates major unacceptable health hazards for our communities.

Our concerns over the toxic and hazardous pollution from O’Hare operations has impacts on both current and projected operations at O’Hare. The available evidence — both in data and through individual citizen experience — indicates that current levels of operations at O’Hare creates toxic ambient air concentrations in our communities above acceptable levels. Further, proposed expansion of O’Hare operations will only make an already intolerable toxic ambient air situation even worse.

The Scandalous Failure to Protect Our Public Health from O’Hare Emissions

Thus far, O’Hare has led a charmed life with regard to toxic emissions. Despite repeated complaints by residents and local officials, there is no testing program in place to measure the concentrations of these toxic pollutants — either as they are emitted at O’Hare or in the concentrations of these toxic pollutants in the communities around O’Hare. Nor is there a control program to reduce these emissions to health protective levels. If General Motors, or U. S. Steel. or Amoco tried to run a major industrial plant with the volume of O’Hare’s toxic emissions without testing and without pollution controls, they would be shut down and fined. Yet O’Hare apparently is spewing out thousands of tons of these toxic materials each year with impunity.

Worse Than a Toxic Superfund Dump

How bad is the toxic air pollution emitted from O’Hare operations into neighboring communities? We can’t definitively say, given the failure to test for these pollutants. However, based on anecdotal test data from Midway — which emits far smaller amounts of toxic pollutants — Midway emissions are several hundred times higher than would be allowed from a federal Superfund toxic dump site. This means, based on all available evidence, that O’Hare operations emit carcinogenic toxic compound into residential communities around O’Hare at several hundred times that which would be allowed from a federal Superfund toxic dump site.

NO MORE RUNWAYS AT O'HARE

Ever since the 1990 election, we have been playing a game over an administrative runway ban on new runways at O'Hare. The Governor has said that he will prohibit runways at O'Hare unless there is a "consensus" among impacted suburbs around O'Hare to accept new runways. In turn, Mayor Daley has tried to create such a "consensus" by patching together a collection of suburbs with either no significant impact or who are under the political influence of pro-runway forces like Rosemont.

Yet the majority of the communities truly affected by the noise and toxic air pollution at O'Hare are represented by the Suburban O'Hare Commission (SOC). Over 75% of the voters in the SOC communities — representing hundreds of thousands of people living in close proximity to O'Hare — have repeatedly voted against new runways in numerous referenda putting the issue directly to them. It's time that we stop playing the shifting word game called "consensus" and give these communities the protection they need and deserve — a permanent legislative ban on new runways at O'Hare.

Without a ban on new O'Hare runways:

- Chicago will force several hundred thousand new flights into O'Hare — with all the associated noise and added toxic air pollution those flights represent.
- The O'Hare expansion will effectively be used by opponents of the new regional airport to "deep six" any realistic chances for construction and operation of that airport. Why build a new airport now when we can stuff several hundred thousand more flights into O'Hare?
- The region will lose several hundred thousand jobs and billions of dollars new economic benefits when the expanded O'Hare is unable to meet projected demand and the new growth is channeled — as desired by Chicago and the airlines — to other states and other regions.

What Congressman Hyde said eight years ago is equally applicable today.

Hiding in the weeds as a major threat to aggressive action on a metro Chicago "SuperPort" is Chicago's desire to add more runways at O'Hare. Rather than build an environmentally sound new airport, Chicago wants to add new runways at O'Hare.

As long as the issue of new runways remains an option for Chicago, the economic development of a new metro SuperPort is imperiled. Chicago will argue that putting more traffic into O'Hare obviates the need for a new airport. The specter of new runways will haunt the timing and the size of the new metro "SuperPort".

It's time for Illinois' political leadership to put a stake in the heart of the new runway nightmare at O'Hare.

CONCLUSION

In every battle over public policy there is a time to stand and fight for what's right for our people and our communities. The time to stand and fight — and win — the battle for a new regional airport and for permanent protection against new O'Hare runways is now.

We ask for the help of everyone — Republican, Democrat, Independent, Business, Labor, Environmentalists, County Boards, State Legislative leaders and members, our fellow members of the Illinois Congressional delegation. Finally, we ask for the help and leadership of the candidates for state and federal office in 1998. This issue — and the hundreds of thousands of jobs, billions of dollars in economic benefits, and the health and quality of life of O'Hare communities — is the number one issue of the 1998 campaign. It's time to stand and deliver.



The Partnership For Metropolitan Chicago Airport Future